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Previous references 1923-24 (C. F.) File No. 224-23

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Later references

C.F. 204-29. 1&2

C.F. (1)-31-(1-6)

C.F. 7-39-6 & 8

GENERAL AND REVENUE SECRETARIAT.

P. 18(E)

Serial Nos. 1

Part B for June 1924

SUBJECT

Re Submission of a quarterly return of objections & various kinds in all Departments & annual reports regarding the Conduction of audit & accounts of offices inspected.

The Comptr
Chief Engr D.W.
Chief Elec. Engr
Supt. Office Welland Lagara Works
Secy D.W.D.

WFL: 685-3-7 of 18 June 1924

Presents the adoption of certain procedure in reporting objections on the audit of works accounts by the Public Works & Elec. Depts: & in dealing with such objections the monthly objectionable letters &c: from January 24 be submitted to Govt as D.W. & Elec Depts & C.T.C.

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PUBLIC WORKS and ELECTRICAL DEPARTMENTS.

1 There are two kinds of audit in the course of which objections are raised: (1) central audit in the Comptroller's Office, and, (2) local audit during inspections.

2 Results of audit conducted in the Comptroller's Office are reported to Government half yearly through what are called Provincial Objectionable Items Statement. In the last column of these statements, orders of Government are recorded and the statements returned to the Comptroller. The Comptroller is expected to communicate these orders to the Executive Engineers concerned.

3 The existing procedure contains the following defects: (1) As the statements are sent half yearly the irregularities come to the notice of Government long after the event: (2) As the orders passed by Government are not communicated direct to the Executive officers concerned, they lose much of their force when communicated by the Comptroller: and, (3) From the orders on some of the statements I am led to think that the directions of Government are not also sufficiently definite either in respect of the particular officers held responsible for remedying the irregularities or of the time within which the defects reported by the Comptroller should be mended.

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mended. Owing to these defects the Provincial Objectionable Item Statements grow in size from half year to half year and the voluminous proportions they attain militate against satisfactory or prompt disposal of objections reported in them. These statements are treated as unimportant returns which require only a routine disposal. The fact, however, is that these statements report substantial irregularities involving the infringement of fundamental rules of estimates and appropriations and the routine complexion that they have taken is largely responsible for want of financial orderliness which characterises many transactions of the Public Works Department.

4 The question is how to vitalise these returns It is impossible to ensure better attention being paid to them until some drastic action is taken to dispose of the large number of irregularities which now encumber the statement. As the first measure of improvement, I would suggest that the return for the half year ending December 1923 in which all the outstanding irregularities are reproduced be exhaustively reviewed by Government after obtaining a report from the Chief Engineer. In the case of old works brought under objection on account of want of, or of excess over, estimates which are not now in

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progress, orders may be issued to close them all as suggested in my note dated 16th February 1924. Irregularities relating to appropriations do not require to be pursued after the close of the year and what is wanted is only a strict direction to the Executive officers not to incur hereafter a single rupee of expenditure without a due appropriation of funds. Objections on the ground of want of appropriations are of vital importance according to the Reforms Finance and we cannot be too strict in enforcing conformity to the rule of appropriations. In passing orders on the items reported in the half yearly statement for December 1923, it is necessary to include specific directions in regard to the officer who is personally held responsible for mending the defects and also the period within which he should take final action about them. It is also necessary to get periodical progress reports to see that the arrears of objections are cleared within the appointed time.

5) After arrangements are made for the clearance of the legacy of old outstandings items, as suggested above, it is necessary to prescribe a procedure which will bring under the notice of Government irregularities noticed in the course of audit earlier than under the existing system. Under the present rules,

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Objectionable Items Statements are prepared monthly by the Comptroller and sent to the Chief Engineer through the respective Executive Engineers.. The Chief Engineer is expected to deal with the points reported, in the light of explanations furnished by Executive Engineers and return the statement to the Comptroller indicating the action taken to remedy the defects pointed out. Considering the laxity that prevails on the financial side of the administration of the Public Works Department, I think it is necessary that the results of audit should be reported to Government monthly instead of half yearly. This arrangement is necessary until the habit of conforming to the fundamental rules relating to estimates and appropriations is established and I think the adoption of this procedure for a couple of years will have a wholesome influence on the Department. I would accordingly propose that the monthly Objectionable Item Statements which reach the Chief Engineer through the Executive Engineers may be required to be reviewed by the former and submitted to Government with a report indicating the action taken by him and asking for the orders of Government about points which he cannot himself put right. The necessary orders of Government on these statements may be communicated to the Chief Engineer and the Comptroller.

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Comptroller. Now that the offices of the Chief Engineer and the Secretary, Public Works Department have been separated, the monthly Objectionable Item Statements will, under the proposed arrangement, receive scrutiny on the part of two officers and if the more important of the points are also brought to notice of the Dewan or the Member of Government in charge of the Department, I think the arrangement will provide for all the supervisory control necessary for reducing the whole work to order. This arrangement may be brought into force commencing with the Objectionable Item Statement for January 1924. According to this procedure, it is not necessary to consolidate the statement for all the Divisions, nor is there any object in such consolidation The Divisional statements may be sent up separately and dealt with by the Chief Engineer and Government in the Public Works Department as they reach them.

6 When monthly Objectionable Item statements are submitted to Government, it will become unnecessary to send the half yearly returns. It is, however, necessary to require the Audit Office to make a report periodically in regard to the irregularities which remain unremedied inspite of the orders of the Chief Engineer and Government. As I have suggested above, Government orders passed on Objectionable

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plea of reference to Sub Divisions or of the need for consulting previous records and accounts is urged and the inspection report is left for paper disposal in the usual course. It is necessary to insist upon Executive Engineers disposing of as many of the points as possible before the Inspecting Officer leaves the station. There are, however, sure to be points which cannot be settled at once and there is no help but to pursue such points on paper.

8) The Comptroller is required to submit to Gover Government extracts of points raised in Inspection Reports which are considered by him to be of sufficient importance to be brought to the notice of Government or which call for their orders. I think the arrangement of limiting the report to Government to extracts of important points is about the best. Inspection reports are generally voluminous and no useful purpose is served in reporting to Government points which have been settled or which are considered as unimportant by the officers who have themselves raised them. As in the case of Objectionable Item Statements, if the reports to Government become too bulky the important points raised in them may not receive adequate attention being mixed up with unimportant points. There may be cases in which the inspect-

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Item Statements should be definite in respect of officers who should take action and the time within which they should take action. Cases in which orde of Government are not carried out within the prescribed time, should be required to be reported by the Comptroller and they will, in most cases, call for disciplinary orders and he should furnish sufficient material to enable Government for passing such orders. These reports, the Comptroller may be asked to submit half yearly to Government through the Chief Engineer and the present half yearly Objetionable Item Statements may be discontinued until the system of submitting the monthly statements to Government is continued.

7 The procedure to be observed in explaining and remedying the points noticed in the course of l local inspections is laid down in paras 580 and 581 of the Mysore Account Code, Volume III, Part I. Pr vision is made here for personal discussion of poin raised between the Inspecting Officer and the Office whose accounts are audited and the object of the arrangement is that as many of the objections as possible may be settled on the spot. There cannot be a better system than this to ensure either quick or satisfactory disposal. In practice, however, this rule is not followed in many cases. Generally, the

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inspecting officers and the Comptroller may not be able to appreciate the administrative significance of some points and if, in view of this, it is considered quite necessary that the Comptroller should send the whole report to Government, such an arrangement may be adopted. I personally think that long reports are unlikely to receive as much attention as small reports in which only a few points are put up for orders.

9 The only other audit report is the monthly Audit Note which is intended to take up points of minor importance which can be mad-mended by Executive Engineers themselves. The existing arrangement in respect of these Audit Notes leaves a great deal to be desired, both in respect of the discrimination to be exercised by the Audit Office in raising points and of the attention which they should receive on the part of Executive Engineers. Audit Notes, as they are now prepared, are too voluminous and important points suffer by their association with insignificant points. Some Executive Engineers consider that these Notes are entirely a matter between their Accountants and the Comptroller. They ignore the obvious fact that the points raised in the Notes relate to monetary transactions for which they are responsible. In ~~many~~ many Divisions, the Audit Notes for

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months and in some cases for years are remaining unattended to and it is not uncommon to sanction special establishments to attend to their disposal. The disposal of x Audit Notes by Accountants and Executive Engineers who have had nothing to do with the ~~execution of~~ works to which the objections relate, can never be satisfactory and in many cases it is far better to file them than to give them a paper disposal years after the transactions to which the objections relate were conducted. Some drastic action is necessary to dispose of the legacy of the outstanding Audit Notes in the Divisions and it is impossible to take such action unless the Divisional Officer and the Audit Office give personal attention to their disposal. It should be a standing instruction to both of them that points of insignificant financial value or pre purely technical points or even points of seeming importance which in the opinion of the Executive Engineer do not point to any fraud or malpractice may all be disposed of without indefinitely waiting for references to persons or documents Of course, it is necessary to limit such drastic disposal only to old Audit Notes and I would suggest that all Notes relating to the period prior to July 1923 may be dealt with on these lines. If the Executive Engineer and the Audit Officer who has

NOTE—Contn. sheet.

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raised the objection come to an understanding about points raised in the Audit Notes, I do not think there is any object in pursuing the matter further.

To sum up:

(1) Special steps to be taken by the Chief Engineer and Government to review the outstandings reported in the half yearly Provincial Objectionable Items Statements for December 1923.

(2) Submission of monthly Objectionable Items Statements of Divisions commencing from January 1924 and orders to be passed on them by Government.

(3) Existing procedure of reporting important points arising out of local inspections to be continued, if necessary, accompanied by complete inspection reports.

(4) Special methods of disposal to be adopted for dealing with the Audit Notes relating to the period prior to July 1923.

10 In the Electrical Department irregularities relating to estimates and appropriations are not so numerous as in the Public Works Department but the number of miscellaneous irregularities is fairly large. As there is now a separate Secretary for this Department also, it would be better to require the Objectionable Items Statements to be submitted through the Chief Electrical Engineer to Government monthly instead of half yearly. The procedure in regard to reporting the results of audit in the case of the Electrical Department is the same as in the Public Works Department and the same procedure may be followed in the case of both.

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Dewan's order.-

The existing procedure according to which the Audit Department reports to Government the results of audit of transactions of all departments may be reviewed and how it can be improved, suggested.

On studying this question, I find that it will be more convenient to deal with the different departments in separate notes. The attached files deal with the procedure now obtaining in the case of the different departments in reporting the objections arising out of the audit of their transactions and the action taken by the several departments of Government when the objections are reported to them. Wherever the existing arrangement is not satisfactory, I have suggested how it might be improved. The opinions of the Comptroller and of the Administrative Departments of Government may be ascertained before final orders are passed.

Government order dated 5th October 1918 prescribed the following returns to be rendered by the Comptroller to Government in the Finance Department:-

(1) A quarterly report dealing with important irregularities discovered in the course of audit of the accounts of all departments and of Local Bodies.

(2) An annual statement showing the Treasuries, Divisions and Offices including the Municipal and District Fund Offices inspected with a brief account of the nature of serious irregularities brought to notice and the general condition of initial accounts.

(3) An annual confidential report noting the names of officers in charge of each office having cash or stores transactions, and remarks as to how initial registers and accounts are maintained.

Samples of these reports are put up. The quarterly statements of objections of all kinds and of all departments were voluminous and the orders passed on them show that no use was really made of the statements. The orders issued noticed on

n can be taken on them. If orders of Government should be passed on any matter, full facts about it should be placed before them. It will be seen from column 7 of this return that it is not possible to issue any useful instructions or pass any orders on the material contained in it.

As for the confidential report which is expected to show whether the work of administration, on the side of accounts, of offices inspected is satisfactory or not, it contains only one or two words like "satisfactory" or "satisfactory barring some irregularities" or "not satisfactory" and it gives no idea of the condition of accounts. The form prescribed by the Government order dated 5th October 1918 requires only brief notes regarding state of accounts to be given in a column of tabular statement and such notes cannot enable Government to pass any orders of value.

The whole arrangement prescribed in the Government order of the 5th October 1918 has not worked properly and calls for revision. How the procedure in respect of each department may be improved, I have suggested in the files placed below.

(Id) M.N.K.
28-2-1924.

Dewan)

I generally agree. I have passed orders on each file. I think a general order is necessary revising the ~~the~~ Government Order of 1918.

(Id) A.R.B.
1-3-1924.

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Dewan's order.

"Draft proposals as above may be referred to the Secy to Govt P.W. and Electrical depts for favour of opinion"

Forwarded accordingly with Compts to the Secy to Govt P.W and Elect Depts.

Draft is placed below.

21.3.24

H.W.Co.163-14

Rs 22/3/24

W.O. No. 23 Dy 1144-24.

Forwarded with Compts to the Chief Engineer for favour of remarks

K. S. Seshachar
P.W Secy
Q.6.24

W.O.No. 132 P.W.D Dy. 124/24 Dy 22/3/24

Submitted for
Rs 12/4/24

Dy 12/4/24

Encls:—
1 - File consisting of Note
1 - Proceedings
1 - Copy of Dewan's letter
1 - Statement
1 - File containing W.O. No. W.N.D misl 15 Dy 12/3/24
5 - Total

GEN. & REV. SECTT. Br. H. 6 - MAY 1924 G. D. SECTION

W.O.No. 23 6/5/24.

NOTE—Contn. sheet.

Returned, with compliments, to the Secretary to Government, Public Works Department.

2. I have no remarks to offer. The proposals now made will go a great way to simplify account matters.

18-4-24

Chief Engineer of Mysore.

Camp - Hassan,
18th April 1924.

HRR.

With Compts to the Financial Secy: I agree to the draft issue of the draft herein. K. S. Seshachar 26-4-24.

G. R. S. III-2.

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General and Revenue Secretariat.

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DE... OFFICE
RECD. 16. MAY 1924
Reg. No. 8341

The Govt to get Pr. Select depts to whom the papers were referred under Dennis's order is agreeable to the issue of the draft order submitted for approval

Dennis

16/5

16/5/24

Done

16/5/24

5/

sheet.

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read.-

G.O.No.Fl.1928-77/G.F.101-18-1 dated 5th October 1918 requiring the Comptroller to submit to Government in the Finance Department a quarterly return of objections of various kinds in all departments and annual reports regarding the condition of initial accounts of offices inspected.

Order No. F/16853-7/13-F-220-23-1

Dated, Bangalore, the 18th June 1924.

In modification of the order read above, the following procedure will be adopted in reporting objections on the audit of Works accounts of the Public Works and Electrical Departments, and in dealing with such objections.

2. The monthly Objectionable Items Statements will, commencing from January 1924, be submitted to Government in the Public Works and Electrical Department with the reports of the Administrative Heads of Departments concerned, indicating the action taken or orders issued by them on the audit points raised in the statements. The system of submission to Government of monthly statements will continue for a period of two years during which the practice of sending half-yearly

Subd.
May this be printed, being an important order?
18/6/24.
Print 1
Asst S.O.
13/6/24

half-yearly Objectionable Items Statements will be discontinued.

3. The Comptroller is requested to submit half yearly to Government in the Public Works and Electrical Department, through the Heads of the Departments concerned, statements of cases in which orders of Government passed on the monthly Objectionable Items Statements are not carried out by the officers concerned within the prescribed time.

4. The Chief Engineer, Public Works Department, the Chief Electrical Engineer and the Special Officer, K.R.S.Works, are requested to specially review the outstandings reported in the Provincial Objectionable Items Statements for the half-year ending December 1923 and submit to Government in the Public Works and Electrical Departments reports of the reviews so made.

5. The existing procedure of reporting to Government important points arising out of Local Inspections will be continued. The Divisional Officers should settle by personal discussion with the Inspecting Officer, as many of the points as possible raised by ~~him~~ the latter before he leaves the station.

6. Government understand that Audit Notes for many months are pending in some of the Divisions. The Chief Engineer, Public Works

Department, the Chief Electrical Engineer and the Special Officer, K.R.S. Works, are requested to issue special instructions for the disposal of these pending Audit Notes and for the effective prevention of ~~the~~ delay in the disposal of future Audit Notes.

22/9/11

Financial Secretary to Govt.

To

The Comptroller to Government.
" Chief Engineer, P.W.D.
" Chief Electrical Engineer.
" Special Officer, K.R.S.
" Secretary to Govt., P.W.D.